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LB 412

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *

	FY 2007-08		FY 2008-09	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	105,027	105,027	96,241	96,241
FEDERAL FUNDS				
OTHER FUNDS		See Below		See Below
TOTAL FUNDS	105,027	105,027	96,241	96,241

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 412 requires all entities distributing electricity in Nebraska to have a percentage of their total kilowatt hours be derived from renewable energy resources.

Section 2 provides definitions for terms used in the bill.

Section 3 imposes a renewable portfolio standard consisting of the required percentage of each retail electricity supplier's total kilowatt hours sold to retail customers from eligible renewable energy resources. Beginning in 2008, that percentage is set at 1%. The percentage shall increase by 1% per year, beginning in calendar year 2010 until the percentage reaches 10% in calendar year 2019. The percentage shall remain at 10% each year thereafter. Energy efficiency measures may be equal to or less than one-quarter of the total standard in any particular year.

Section 4 requires the Power Review Board (PRB) to establish a program to issue renewable energy credits to eligible generators by January 1, 2008. The PRB or its duly authorized designee shall:

1. Inspect and register renewable energy credits, certify and audit output, and verify transactions;
2. Impose and collect a fee on credit applicants to cover administrative costs of the program; and,
3. Adopt and promulgate rules and regulations to carry out the program.

Section 5 provides reporting requirements for retail electricity suppliers to show evidence of ownership of sufficient renewable energy credits and energy efficiency measures implemented to satisfy the portfolio standards required in section 3.

Section 6 allows for the sale or exchange of renewable energy credits.

Section 7 allows the PRB to impose an administrative penalty against a retail electricity supplier violating the provisions of the act. The penalty shall be equal to three times the estimated market value of a renewable energy credit for each credit that a supplier fails to acquire and retire. Such penalties shall be credited to the permanent school fund. This amount cannot be accurately estimated and is reflected by the "See Below" notation on the Other Funds line in the table above.

The PRB estimates the need for one additional FTE (Accountant II) plus start-up and travel costs to administer the provisions of LB 412. Included in the PRB's estimates is $2,400 for board-related travel to address an expected increase in the number of hearings.

The PRB also estimates the need for $20,140 for additional space. The PRB is currently housed in the State Office Building (NSOB). Their current space cannot accommodate one additional FTE and the needed conference room. In order to get the additional space needed, they would have to vacate their NSOB space and acquire space elsewhere. The estimate for the difference between what they currently pay in rent and what they would have to pay elsewhere is $20,140. In addition, utilities and moving expenses are included in the fiscal impact estimate. While these costs are not directly related to the bill's provisions, they are a secondary cost which is directly related to the agency's work as impacted by LB 412. For this reason, these costs are included in the table above.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Mike Salzwedel	2/12/07	PHONE 471-2526
POWER REVIEW BOARD – Additional staff appears to be justified. Location will need to be addressed if NSOB does not have sufficient space.			